

**REPORT
ON THE
RATE SETTING AUDIT**

**ENRICHING II
COSTA MESA, CALIFORNIA
PROVIDER NUMBER: LTC80275F
NATIONAL PROVIDER IDENTIFIER: 1588705875**

**FISCAL PERIOD ENDED
DECEMBER 31, 2009**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Stan Van Arsdale
Auditor: Andre Shammass**



DAVID MAXWELL-JOLLY
Director

State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

Date: December 21, 2010

Larry Doan, CFO
Enriching Inc.
1500 Adams Ave, #309
Costa Mesa, CA 92626

PROVIDER: ENRICHING II
PROVIDER NO. LTC80275F
FISCAL PERIOD ENDED DECEMBER 31, 2009

We have examined the facility's financial records and Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	430,780	\$ 196.70
Net Audit Adjustment		<u>(6,750)</u>	<u>(3.08)</u>
Audited Cost/Cost Per Day	\$	<u>424,030</u>	\$ <u>193.62</u>

This audit report includes the:

1. Audit Report Schedules 1 through 2
2. Audit Adjustments Schedule

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Rate Development Branch.

Larry Doan, CFO
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Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2825
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899-7413

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814-5005
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

Provider:
ENRICHING II

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC80275F

Provider NPI:
1588705875

**SUMMARY OF AUDITED FACILITY CENSUS
AND AUDITED CLIENT COST PER DAY**

	AS REPORTED	AS AUDITED
1. Medi-Cal Client Days (Adj)	2,190	2,190
2. Other Client Days (Adj)	0	0
3. Total Client Days	<u>2,190</u>	<u>2,190</u>
4. Total Client Care Expenses (From Sch. 2)	\$ <u>430,780</u>	\$ <u>424,030</u>
5. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>196.70</u>	\$ <u>193.62</u>

SHARE OF COST

1. Share of Cost Audit Adjustment (Adj)	\$ <u>NA</u>	\$ <u>0</u>
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OVERPAYMENTS

1. Duplicate Payments (Adj)	\$ <u> </u>	\$ <u>0</u>
2. Credit Balances (Adj)	\$ <u> </u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENRICHING II

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

Provider Number:
LTC80275F

NPI:
1588705875

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CLIENT SERVICES				
	Basic Facility Cost - Property Expenses				
045	Depreciation and Amortization		\$ 715	\$	\$ 715
050	Leases and Rentals		22,944		22,944
055	Real Property Taxes				0
060	Personal Property Taxes		106		106
065	Mortgage Interest				0
070	Property Insurance		1,783		1,783
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 25,548	\$ 0	\$ 25,548
	Basic Facility Cost - General Home Expenses				
080	Home Operations and Maintenance	1	\$ 12,094	\$ (3,452)	\$ 8,642
085	Utilities	3,4	6,166	(864)	5,302
090	Client Transportation	5	2,484	(2,484)	0
095	Dietary		15,331		15,331
100	Personal Care and Laundry		5,086		5,086
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 41,161	\$ (6,800)	\$ 34,361
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 66,709	\$ (6,800)	\$ 59,909
	EXPENSES: DIRECT CARE STAFF COSTS				
115	QMRP Salaries		\$ 10,541	\$	\$ 10,541
120	QMRP Fringe Benefits		1,140		1,140
125	Lead Salaries		28,496		28,496
130	Lead Fringe Benefits		10,246		10,246
135	Aides Salaries		177,257		177,257
140	Aides Fringe Benefits	2,7,8	37,337	(3,543)	33,794
145	Other Salaries				0
150	Other Fringe Benefits				0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 265,017	\$ (3,543)	\$ 261,474

SUMMARY OF AUDITED FACILITY EXPENSES

Provider:
ENRICHING II

Fiscal Period:
JANUARY 1, 2009 THROUGH DECEMBER 31, 2009

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Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	EXPENSES: CONSULTANT COSTS				
160	Dietician Consultant		\$ 945	\$	\$ 945
165	Speech Pathology Consultant				0
170	Physical Therapy Consultant		2,880		2,880
175	Occupational Therapy Consultant				0
180	Pharmacist Consultant		676		676
185	Nurse Consultant		15,895		15,895
190	Psychologist Consultant				0
195	Physician Consultant				0
200	Recreational Consultant		461		461
205	Social Service Consultant				0
210	Other Consultant				0
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 20,857	\$ 0	\$ 20,857
	EXPENSES: ADMINISTRATIVE COSTS				
220	Administrative Salaries		\$ 18,977	\$	\$ 18,977
225	Administrative Fringe Benefits		2,283		2,283
226	Quality Assurance Fees		19,859		19,859
230	Other Administrative and General	6	37,078	3,593	40,671
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 78,197	\$ 3,593	\$ 81,790
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 430,780	\$ (6,750)	\$ 424,030
	NON-CLIENT CARE EXPENSES		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$	\$	\$ 0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235 and 240)		\$ 430,780	\$ (6,750)	\$ 424,030

Provider Name		Fiscal Period		Provider Number		Adjustments		
ENRICHING II		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC80275F		8		
Adj. No.	DHS 3076 Page or Exhibit	Report References		Audit Report		As Reported	Increase (Decrease)	As Adjusted
		Cost Report	Line	Col.	Sch.			
Explanation of Audit Adjustments								
ADJUSTMENTS TO REPORTED COSTS								
1	4	80	4	2	80.00	3	Home Operations and Maintenance To adjust the reported expense to agree with the provider: general ledger 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$12,094 (\$3,452) \$8,642
2	4.1	140	4	2	140.00	3	Aides Fringe Benefits To eliminate Aides benefits due to insufficient of documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$37,337 (\$500) \$36,837 *
3	4	85	4	2	85.00	3	Utilities To eliminate utility costs that are not applicable to the current fiscal year. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$6,166 (\$700) \$5,466 *
4	4	85	4	2	85.00	3	Utilities To eliminate utility cost that belongs to a related facility. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$5,466 (\$164) \$5,302
5	4	90	4	2	90.00	3	Client Transportation To eliminate client transportation due to insufficient documentation. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$2,484 (\$2,484) \$0

*Balance carried forward from prior/to subsequent adjustments

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*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period		Provider Number		Adjustments								
ENRICHING II		JANUARY 1, 2009 THROUGH DECEMBER 31, 2009		LTC80275F		8								
Adj. No.	DHS 3076 Page or Exhibit	Report References		Line	Col.	Sch.	Line	Col.	As Reported	Increase (Decrease)	As Adjusted			
		Cost Report	Audit Report											
ADJUSTMENTS TO REPORTED COSTS														
6	4.1	230	4	2	230.00	3	Other General & Administrative To adjust reported home office costs to agree with the Enriching Inc. reported Home Office Cost Report for fiscal period ended December 31, 2009. 42 CFR 413.17 / CMS Pub. 15-1, Sections 2150.2 and 2304					\$37,078	\$3,593	\$40,671
7	4.1	140	4	2	140.00	3	Aides Fringe Benefits To eliminate accrued vacation costs that are not applicable to this facility. 42 CFR 413.20 and 413.24 / CMS Pub. 15-1, Sections 2300 and 2304					\$36,837	(\$1,811)	\$35,026 *
8	4.1	140	4	2	140.00	3	Aides Fringe Benefits To eliminate accrued vacation expense because the provider is using the cash basis to account for vacation costs. 42 CFR 413.5 / CMS Pub. 15-1, Section 2146.2A					\$35,026	(\$1,232)	\$33,794

*Balance carried forward from prior/to subsequent adjustments

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*Balance carried forward from prior/to subsequent adjustments